

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY WARSAW PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, PL

SUBJECT: ANTIDUMPING PROCEEDINGS -- GOLF CARS FROM POLAND

REF: STATE 61237

1. FOLLOWING IS THE TEXT OF A LETTER DATED APRIL 7, 1977,
FROM TREASURY DEPUTY ASSISTANT SECRETARY PETER O. SUCHMAN
TO VICE MINISTER STRZELECKI CONCERNING QUESTIONS ABOUT
ADJUSTMENTS ON 1975 GOLF CAR PRICES WHICH WERE RAISED
DURING CONSULTATIONS MARCH 16-17 (REFTEL). PLEASE PROVIDE
VICE MINISTER STRZELECKI WITH AN ADVANCED COPY OF THE
LETTER; THE ORIGINAL WILL BE POUCHED. A COPY OF THE LETTER
IS ALSO BEING FURNISHED TO THE POLISH EMBASSY. BEGIN
TEXT:

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DEAR MR. STRZELECKI:

DURING OUR MEETING OF MARCH 17, 1977 YOU REQUESTED AN
EXPLANATION OF SEVERAL ADJUSTMENTS WHICH WE HAVE TENTATIVELY
MADE AS THEY PERTAIN TO 1975 ENTRIES OF MELEX GOLF CARTS,
WHICH, IN SOME CASES, RESULT IN FIGURES DIFFERENT FROM
THOSE CALCULATED DURING THE FAIR VALUE INVESTIGATION. THE

ITEMS INVOLVE OUR SUBSEQUENT ADJUSTMENTS FOR ADVERTISING,

CREDIT AND WARRANTY COSTS, THE ADJUSTMENT OF \$33 FOR AN AUTOMATIC SEAT BRAKE, AND THE DISALLOWANCE OF A \$41 CLAIMED ADJUSTMENT FOR COSTS OF MATERIALS.

A TENTATIVE ADJUSTMENT FOR ADVERTISING, CREDIT AND WARRANTY COSTS OF ROUGHLY \$30 WAS MADE WITH REGARD TO GOLF CARTS PURCHASED UNDER EITHER THE FALL 1974 RENEWAL AGREEMENTS OR THE APRIL - MAY 1975 INTERIM AGREEMENTS. THIS ADJUSTMENT HAD THE EFFECT OF LOWERING THE DUMPING MARGINS. HOWEVER, ALL OTHER CARTS EXPORTED FROM POLAND DURING 1975 DID NOT RECEIVE THE SAME ADJUSTMENT FOR CREDIT AND WARRANTY COSTS. THE REASON FOR THIS WAS BECAUSE OF CHANGES IN TERMS OF SALES REFLECTED IN THE AGREEMENTS COVERING THOSE LATER SALES. A COMPARABLE ADJUSTMENT FOR ADVERTISING WAS, HOWEVER, STILL MADE. THE EFFECT OF THE CHANGES IN THE TERMS OF SALE ON THE CREDIT AND WARRANTY COSTS AMOUNTED TO ROUGHLY \$35 AND INCREASED THE DUMPING MARGINS ACCORDINGLY.

WITH REGARD TO THE AUTOMATIC SEAT BRAKE, A TENTATIVE ADJUSTMENT OF \$33 WAS MADE BECAUSE OF THE PHYSICAL DIFFERENCES BETWEEN THE MELEX AND MARATHON CARTS. CONTRARY TO YOUR BELIEF, NO ADJUSTMENT WAS MADE IN OUR CALCULATION OF THE "MARATHON EXPANDED PRICE" FOR AN AUTOMATIC SEAT BRAKE DURING THE FAIR VALUE INVESTIGATION. THE AMOUNT INCLUDED IN THAT CALCULATION WAS NOMINAL, AND WAS MADE TO REFLECT A FIGURE FOR A DRUM BRAKE RATHER THAN THE AUTOMATIC SEAT BRAKE. IT WAS LIMITED OFFICIAL USE

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NECESSARY, THEREFORE, TO MAKE A FURTHER \$33 ADJUSTMENT FOR THE AUTOMATIC SEAT BRAKE, WHEN IT CAME TO OUR ATTENTION THAT THE POLISH CARTS INCLUDED SUCH BRAKES. IN ARRIVING AT THE \$33 FIGURE, SINCE THE MARATHON CARTS DO NOT HAVE SUCH BRAKES, WE USED INFORMATION APPLICABLE IN THE CASE OF A U.S. GOLF CART MANUFACTURER. THIS INFORMATION INDICATED THAT THE PRICE THIS MANUFACTURER CHARGED ITS DISTRIBUTORS, AT WHOLESALE, IN 1975 ON ITS CARTS WHICH INCLUDED AN OPTIONAL AUTOMATIC SEAT BRAKE WAS \$33. AS FAR AS WE COULD TELL, THE U.S. MANUFACTURER'S SEAT BRAKE AND THOSE ON THE POLISH GOLF CARTS ARE SUFFICIENTLY SIMILAR SO NO FURTHER ADJUSTMENT WAS REQUIRED.

FINALLY, WITH RESPECT TO THE \$41 CLAIMED ADJUSTMENT YOU RAISED, THIS CLAIM RELATES TO OUR \$35 - 40 ADJUSTMENT FOR CERTAIN COSTS OF MATERIALS AND FREIGHT ASSOCIATED WITH MAKING PROPER COMPARISONS BETWEEN THE MARATHON AND THE MELEX CARTS SUBSEQUENT TO THE FAIR VALUE INVESTIGATION. A SEPARATE ADJUSTMENT WAS, IN FACT, NEVER MADE, BUT

RATHER A \$35 - 40 ADJUSTMENT WAS SUBSUMED WITHIN THE COST OF PRODUCTION ADJUSTMENT INCORPORATED IN THE USE OF THE "MARATHON EXPANDED PRICE".

THIS MARATHON EXPANDED PRICE WAS THEN UTILIZED AS THE BASIS, WITH AN INFLATION FACTOR, TO COMPUTE THE FOREIGN MARKET VALUE FOR 1975 MELEX CARTS.

I WOULD FURTHER NOTE, THAT DURING THE FAIR VALUE INVESTIGATION IT WAS NOT POSSIBLE, WITHIN THE TIME CONSTRAINTS, TO CONSIDER ALL THE ADJUSTMENTS CLAIMED. AS IN THE CASE OF THE AUTOMATIC SEAT BRAKE, HAD WE BEEN AWARE OF THE CIRCUMSTANCES WHICH WERE SUBSEQUENTLY BROUGHT TO OUR ATTENTION, WE WOULD HAVE MADE THE \$33 ADJUSTMENT AT THAT TIME.

IN CLOSING, I WOULD LIKE TO POINT OUT THAT THE \$35 AND LIMITED OFFICIAL USE

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\$33 AMOUNTS THAT YOU QUESTIONED ARE TENTATIVE FIGURES ONLY. FINAL FIGURES WILL BE DISCLOSED TO YOU WHEN THE

CUSTOMS SERVICE FINISHES CALCULATIONS TO BE USED IN THE ACTUAL APPRAISEMENTS OF 1975 ENTRIES OF MELEX GOLF CARTS. I EXPECT CUSTOMS WILL BEGIN THE APPRAISEMENT PROCESS ON ENTRIES OF THE MELEX GOLF CARTS FOR THE FIRST PART OF 1975 SHORTLY.

SINCERELY,

PETER O. SUCHMAN
DEPUTY ASSISTANT SECRETARY
(TARIFF AFFAIRS)

MR. RYSZARD STRZELECKI
VICE MINISTER OF TRADE AND SHIPPING
P.O. BOX P ROUTE 22
WARSAW, POLAND 00915

END TEXT.
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